

Klaus Regling at Eurogroup press conference

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15/06/2017

Press conferences

Transcript of introductory remarks by ESM Managing Director Klaus Regling Eurogroup press conference, 15 June 2017

A few words on Greece from the ESM perspective. Of course, I'm also happy that the second review was concluded today, although we have to remember that parliamentary procedures are necessary in a number of countries. This second review includes an impressive policy package, and a long list of prior actions that the Greek government and parliament have implemented. And these policy conditions are supported by all the institutions. Let me also remind you that these policy commitments and prior actions come on top of what has happened in the last few years, and I find it impressive that Greece was one of the few European countries that had a fiscal surplus last year.

I'm also happy that the Eurogroup reached agreement on the medium-term debt measures, on the basis of the May 2016 Eurogroup declaration. By providing further clarity on the debt measures that may be adopted at the end of the programme, the European partners show how serious they are in their continuous support for Greece.

Let me explain briefly what are the next steps and how the third tranche from the ESM will be used. It was agreed that the third tranche of the ESM loan will amount to €8.5 billion. This amount will cover Greece's external debt repayment obligations in the next months, and arrears clearance for the next quarter. The first disbursement of this third tranche is expected to take place in the beginning of July, after national procedures have been completed, and will amount to €7.7 billion. Of this amount, €6.9 billion should be used for debt servicing, and the remaining €0.8 billion for arrears clearance. There will be another arrears clearance disbursement in the amount of €0.8 billion – that is expected to take place after the summer, under the condition that Greece has contributed with its own resources to the arrears clearance effort.

Let me remind you that since the beginning of the programme in August 2015, the ESM has already disbursed €31.7 billion to Greece, out of a total programme volume of up to €86 billion. Adding the EFSF loans from the previous programme, you get to a total of €173 billion. Once we have disbursed this new tranche in the next few weeks, we will have more than 50% of the Greek public debt in our books. This number shows that we are by far the largest creditor of Greece. And it makes clear how much Greece can benefit and does benefit from our loans. In 2016 alone, the Greek budget saved 5.6% of GDP, that is €9.9 billion euros due to our low interest rates and favourable lending terms. By the way, you'll find these numbers in the ESM Annual Report that was adopted by our Governors earlier today.

Response to question on period that ESM disbursement covers

Well, as I said, the €8.5 billion that was endorsed today will cover the big debt service payments due in July and that you all know about, and will also allow domestic debt arrears clearance over the next few months. We know that after that, the debt service payments for the rest of the year are relatively small, and at the same time of course, Greece will have a primary surplus, which means, excluding debt service payments, Greece will month after month accumulate cash that can either be used to build up a cash buffer, to do additional arrears clearance, or to cover smaller debt service payments. So we are confident that the liquidity situation will be good enough

until about the end of this year.

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